

AGENCY PARTICIPATION IN RETIREMENT SYSTEMS

CIARDS Participation: 20% or 50%?

While only 20% of our employees participate in CIARDS, it is true that over half of our "full career employees" (those who remain working for the Agency until retirement) will retire under CIARDS. This is explained by the fact that up to 25% of current Agency CSRS employees can be expected to qualify for CIARDS and nearly 50% of those remaining will separate before achieving retirement eligibility under CSRS. This suggests that only 40% of those employees currently participating in the Civil Service Retirement System will retire under that system while working for the Agency.

By contrast, 95% of our CIARDS qualified participants stay on to retire under CIARDS (see chart 1). Consequently, we can expect at least as many retirements under CIARDS as under CSRS.

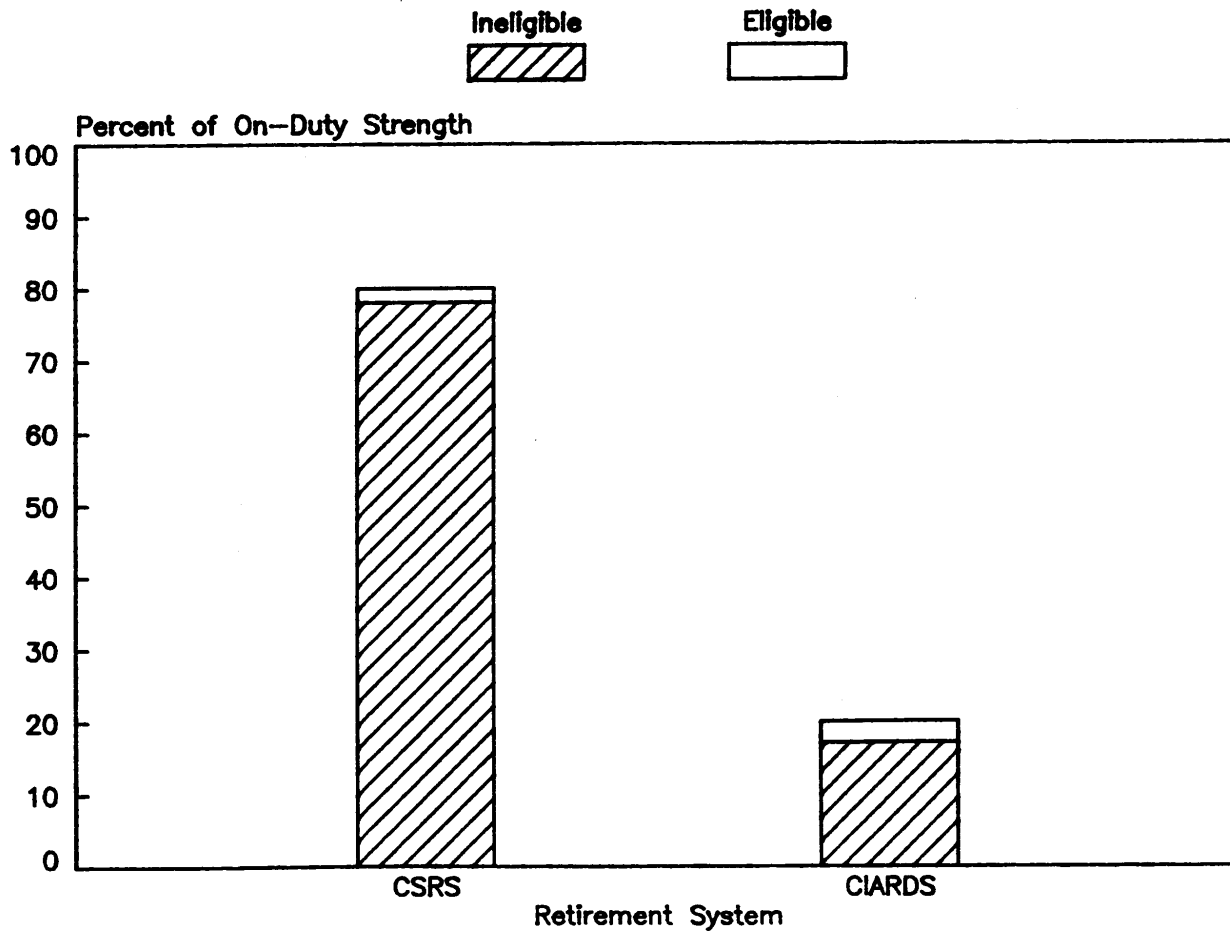
Current Experience:

The stability of this projection is demonstrated by our current experience. Although there are 4 times as many Agency employees participating in CSRS, there are actually 50% more CIARDS participants eligible to retire (see chart 2). Since roughly 20% of the CIARDS participants eligible to retire in a given year actually do so (vs. 30% of eligible CSRS participants), the numbers actually retiring each year from the two systems are comparable.

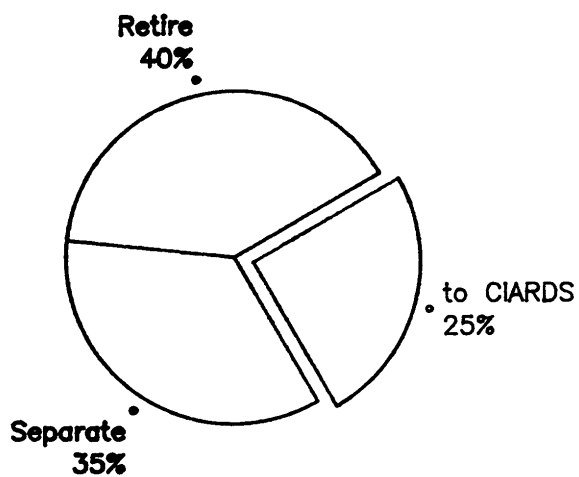
Summary:

In the final analysis it appears that 1/3 of our employees ultimately retire under CIARDS, 1/3 under CSRS, and the remaining third separate from the Agency prior to retirement (see chart 3). This underlying reality is hidden by the current CIARDS participation level of 20% which is artificially small because of the time required to qualify for CIARDS.

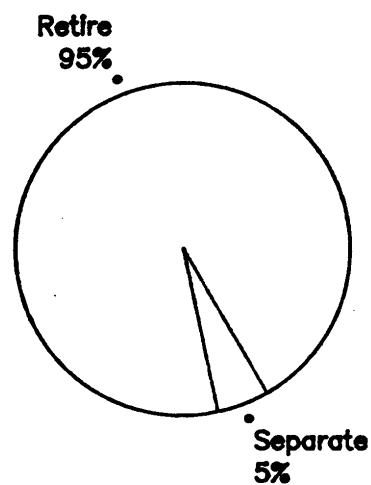
AGENCY RETIREMENT ELIGIBILITY as of March 1985



LONG TERM SEPARATION PROJECTIONS

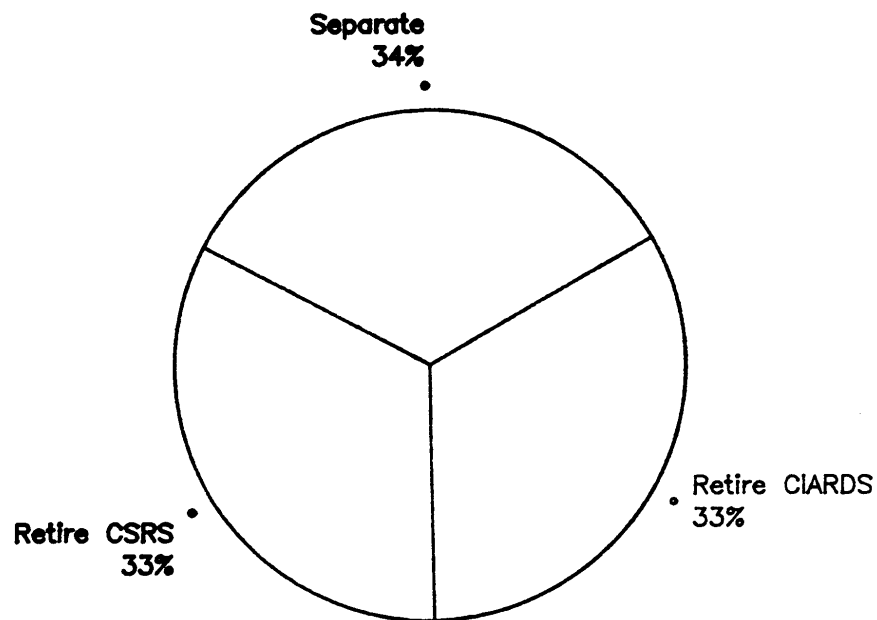


CSRS
Participants



CIARDS
Participants

LONG TERM SEPARATION PROJECTIONS



Current Employees